HOUSING ISSUES IN NORTHERN ALBERTA

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Northern
Alberta
Development
Council

INTRODUCTION

Housing is fundamental to our social and economic well-being as individuals and communities. In northern Alberta, development is outpacing housing causing house prices to rapidly escalate particularly in resource-based communities. Few social housing units have been built in the past decade to meet the needs and expectations of an aging population and the growing population displaced by escalating housing costs.

Housing is a priority issue for the current and future development of northern Alberta. The lack of affordable and adequate housing for low and moderate-income families is a barrier to economic growth. It hinders the recruitment and retention of labour necessary to maintain and grow the northern economy. From a social and health perspective, there is a lack of emergency, transitional and social housing, along with necessary support services, for seniors, people with disabilities, and low-income individuals and families.

The Northern Alberta Development Council (NADC) has been consulting with northerners and engaged in research to identify key northern housing issues and potential solutions. Housing issues are unquestionably complex and wide-ranging, as are the solutions. While increasing the supply of affordable housing has been the main solution offered from both the social and economic perspective, there is little agreement on how this might be achieved. The purpose of this report is to summarize our findings and report back to northerners.

BACKGROUND

At the NADC Challenge North 2003 conference, northerners identified housing as a priority issue for the current and future development of the region. As a result, in 2004 the NADC conducted a survey of northern housing issues. In this survey, 21 municipalities, 4 Métis Settlements, and 14 social housing management bodies responded to questions about their respective roles, challenges and strategies to address local housing needs. The views of private developers, financial institutions, economic development officers, and colleges were also identified.

This study highlighted that each community has unique challenges and approaches to housing. It also provided key discussion points for the NADC Challenge North 2006 conference where delegates were tasked to identify local, regional and provincial strategies to increase the supply of adequate and affordable housing[1]. The NADC has shared information it has gathered through research and consultation with past and present ministers responsible for housing. The information has also served to provide direction to the NADC in housing-related activities.

[1] Challenge North 2006 conference proceedings are available at: http://www.nadc.gov.ab.ca/seminars/CN2006-Proceedings.pdf

KEY ISSUES AND STRATEGIES

Increasing the supply of housing has been offered as the main solution to increase affordability. There is clearly a need for adequate and affordable housing and supports along the entire housing continuum from emergency, transitional, social to affordable housing for rent and ownership. The main issues and strategies identified are grouped into the following four themes:

1) High costs of construction and development
2) Gaps in government housing programs
3) Lack of local awareness and capacity
4) Leadership, innovation and a coordinated approach to housing

THEME 1: HIGH COSTS OF CONSTRUCTION AND DEVELOPMENT

Issues:

- A shortage of builders and private developers, particularly in rural/remote areas and Métis Settlements, combined with increased material costs lead to higher construction costs.
- There is inadequate funding for municipal infrastructure, capital project, and maintenance, in addition to high costs for development and service provision.
- Lengthy development approval processes and government regulations can increase the cost of housing including zoning, land use, property taxation, land development and subdivision design regulations. These impacts can be particularly pronounced for the lowest-cost units and innovative affordable housing options.
- Land costs are high. There is a lack of affordable Crown land available to municipalities and a lack of serviced land available to private developers and non-profit organizations for development. The practice of selling land to developers without any provisions for affordable housing further reduces the availability of land for affordable housing development.
- The lack of incentive and high risk to develop and maintain rental accommodations relative to private ownership housing development, particularly condominiums, results in limited multifamily rental developments. There appears to be less risk and greater profitability in turning apartments into condominiums. This is due in part to the challenges in enforcing tenant responsibilities and landlord rights.

Potential Strategies:

- Partner to attract developers to the region by promoting development opportunities.

- Promote best practices in temporary worker housing (work camps) to alleviate the inflationary pressure from demand and, from a supply perspective, consider housing that could be moved, sold, rented or donated back to communities.

- Lobby industry and government to enable local producers of building supplies, particularly northern mills, to wholesale supplies locally.

- Municipal governments to consider higher density, innovative, and alternative housing developments. This strategy could involve:

    1. Tax incentives, density bonusing and/or regulatory concessions on developments that increase the supply of affordable housing such as inclusionary or mixed-income projects. Another option is to designate a percentage of new residential development for affordable housing.
    2. Review approval processes to reduce the length of time and cost involved in development.
    3. Review regulations to support alternative and affordable housing options such as manufactured/modular homes, secondary suites, cooperative housing, or the "Grow Home" concept of basic housing that allows owners to renovate as finances permit.

    It is acknowledged that NIMBYism ("Not in My Back Yard") can be a significant barrier to municipalities implementing these strategies.

- More timely allocation of crown land to municipalities and a discount on crown land dedicated to affordable housing development.

- Examine the question of why developers are not maintaining and building rental accommodation relative to condominium development. Ensuring the enforcement of tenancy agreements and landlord's rights would be critical to reducing the risk to landlords.

THEME 2: GAPS IN GOVERNMENT HOUSING PROGRAMS

Issues:

- Housing programs have been largely urban focused (*National Homelessness Initiative* and the *Affordable Housing Partnership Initiative*) or short-term (*Rural Affordable Supportive Living Program*). This situation may further erode the capacity of northern rural communities to provide a continuum of housing: as rural residents are forced to move to larger urban centres for housing and support services, the perceived demand for rural services is reduced at the same time the demand for services in larger urban centres is inflated. There is particularly a lack of rural subsidized rental housing for Aboriginals.

- The lack of private housing on Métis Settlem ents is an issue. Settlements are ineligible to receive government housing pro gram funding. This situation is exacerbated given difficulties in obtaining fina ancing through banks because of land tenure issues and perceived risk.

- A lack of funding available for ownership affo rdable housing limits the capacity of low- and moderate-income individuals and fa milies to build equity, which is important for economic and social well-being. The situa tion is aggravated in some high-growth resource communities that are viewed as hig h-risk by the Canadian Mortgage and Housing Corporation. The result is that indiv iduals with less than 25 percent down payment are not eligible for mortgage insura nce when purchasing properties at inflated current market prices.

- A lack of funding available for community hu man and financial resources to develop affordable housing ideas.

- Social housing organizations face a host of c hallenges in delivering emergency, transitional and social housing services:

    - A lack of funding for capital and op erational expenses.
    - Limited community capacity to sus tain stable boards, to adhere to the requirements of programs, and to a attract and retain nursing staff for lodges.
    - A lack of associated support servic es for the difficult to house.
    - A lack of options to meet changing expectations and demands on social housing.

Potential Strategies:

- Provide longer-term and targeted funding to small urban centres, Métis Settlements and rural areas to allow residents to remain in their own communities and close to their support network. At the same time, exis ting funding to all urban centres for emergency, social, affordable housing and re lated supports should be enhanced.

- Support programs to encourage affordable h ousing for ownership, such as cooperative housing, rent-to-own, or guarant eed equity ownership models. This would allow eligible low-income individuals a nd families to build equity, while allowing non-profit organizations to retain the first right to purchase at similarly affordable rates so that housing will remain a ffordable in the long-term.

- Establish an endowment fund for affordable housing initiatives.

- More flexible programs for affordable social housing to address the current demand, such as separate facilities for seniors and pe rsons with disabilities and transitional facilities for seniors from lodges to long-term care.

- Investigate alternative financing options for Métis Settlements and resource communities viewed as high risk by financial institutions.

THEME 3: LACK OF LOCAL AWARENESS AND CAPACITY

Issues:

- There is confusion surrounding what "affordable housing" is especially in relation to social housing.

- There is a lack of clarity in the respective roles and responsibilities of local partners for addressing the continuum of housing needs in their communities. Municipalities can act as regulator, facilitator, land supplier, land developer and even housing developer. Social housing management bodies can be solely housing managers or actively seek to raise money for capital projects, develop land and lots, and advocate for the groups they serve. There are a range of other organizations involved and interested in housing and support services, not to mention the private sector. Each community is different and has different needs. However, not all communities have partners working together in a coordinated fashion to understand and address local and regional housing issues. Clarifying roles and responsibilities of local partners is an important first step in building community capacity.

- There is a lack of information on the actual housing need and a lack of financial and technical resources available to support communities interested in investigating and developing affordable housing programs, particularly innovative projects.

- NIMBYism delays and obstructs affordable housing options. This might be due to misinformation on affordable housing or inadequate long-term municipal planning.

Potential Strategies:

- Creation of a provincial affordable housing service and development centre to serve as a single window for municipalities, community organizations and the private sector to access expertise, information and support on affordable housing. This centre could provide the following services:

    - Provide information and technical assistance to municipalities, non-profit and community-based organizations, and the private sector on developing affordable housing options.
    - Investigate and implement innovative housing solutions.
    - Support the development of local and regional housing strategies and effective partnerships as part of a broader provincial strategy.
    - Undertake an awareness program to dispel myths surrounding affordable housing and resistance due to NIMBYism.

- Re-establish regional planning agencies to increase planning capacity through the provision of technical services and advice to smaller municipalities.

THEME 4: LEADERSHIP, INNOVATION AND A COORDINATED APPROACH TO HOUSING

Issues:

- The approach to the delivery of housing policy appears to be an uncoordinated mix of federal, provincial and municipal programs. Policy changes in health, environment, labour, education, social services and community economic development policies, all have repercussions for housing.

- Many municipalities do not have a housing strategy in place despite the acknowledgement of housing challenges. Private developers, financial institutions, business and industry also have an impact on the local housing situation and should be involved with municipalities and social organizations in addressing housing needs.

- Housing challenges are regional. There are regional issues involving municipal cooperation with adjacent municipalities, with the Province on land supply, and with industry on development and expansion plans. The pressures are regional as seniors move off farms to nearby urban centres and as Aboriginals move into communities from reserves and Métis Settlements for better employment and service opportunities.

Potential Strategies:

- The Province to be a leader, innovator and coordinator of affordable housing solutions and options.

- Promote partnerships between developers, financial institutions, three levels of government, social organizations, business, industry, and realtors to maximize resources.

- Effective cooperative structures need to be in place for communication, information sharing, and to support the development of housing strategies at both the provincial and local level.

CONCLUDING REMARKS

Managing growth pressures is one of the five priorities of the Government of Alberta. Increasing the availability of affordable housing is part of that priority. The Alberta Affordable Housing Taskforce consulted with Albertans earlier this year and made recommendations on innovative and cost-effective ways to make affordable housing more available and accessible in the province. The Government of Alberta responded to the report in April 2007 with policy, program and legislative changes in addition to an announcement of $285 million of new funding.

Many of the issues and strategies identified in this report were reflected in the taskforce report and government response. The NADC will continue to inform the Minister responsible for housing of northern issues and work with the ministry and local partners to support them in addressing regional housing needs.